

services. Calling parties can place both intrastate and interstate phone calls from a payphone. They can dial 0-, 0+, 1+, and 800 calls from a payphone. They can use coins, credit cards, debit cards and calling cards to place their calls. They can access an operator, emergency services, and directory assistance. In addition, payphones support new technologies and services that have developed and will continue to develop over time. For example, a person can go to certain payphones and fax a document or connect his or her computer to an office system.

These services benefit not only one group of businesses or users, but benefit all network users, particularly the calling party that is provided with the convenience of being able to use a payphone at a location from which that person desires to make a voice telephone call or utilize another payphone service. In addition to the benefits to the calling party, many others benefit from payphones: LECs, IXC's, the called party, 800 subscribers, and businesses contracting with payphone providers to provide services offered by them to the public. Furthermore, the public as a whole benefits by having payphones available for use at many locations.

Just as SS7 and CPN support a variety of existing and developing services, thereby benefiting the general public, so do

payphones.³⁰ Therefore, the principle applied in the *800 Access Order* and the *Caller ID Order* should apply in the context of payphone compensation. Given the variety of services provided by payphones, and the benefits to all network users, The Commission should adopt a payphone compensation plan that spreads the costs of payphones among all network users.

**III. PAYPHONE COMPENSATION COSTS COULD BE SPREAD
ACROSS ALL USERS OF LOCAL EXCHANGE SERVICE
AS PART OF THE CARRIER COMMON LINE CHARGES**

The comments in this proceeding set forth numerous arguments for and against various payphone compensation mechanisms. However, it does not appear that any reasons were given for not using a similar mechanism to the one currently used for LEC payphones -- spreading the costs of compensation among all users as part of the carrier common line charge. This is because there is no reason not to adopt such a mechanism. While this mechanism would not pass the costs directly on to the only true cost causer, *i.e.*, the calling party, it is the next best alternative. While the other mechanisms proposed in this proceeding attempt to pass the costs on to one group or to a limited number of groups (*e.g.*, 800 subscribers, IXC's), collecting such costs through the

³⁰ In addition, similar to the transmission of CPN, the actual costs of transmission of calls from a payphone are *de minimis*.

carrier common line charge more equitably distributes such costs among all those who benefit from payphones.³¹

The actual mechanism for collecting the funds would be similar to the mechanism currently used by the LECs. A payphone compensation charge would be added to the subscriber line charge and collected by the LECs. The LECs would, thereafter, turn this portion of the subscriber line charge over to a pool of such funds administered by NECA. NECA would then distribute the appropriate share of funds from this pool to each payphone provider based upon a record of the number of calls made from each payphone. NECA has stated in its comments that it would be willing to administer a payphone compensation mechanism.³² NECA already has experience administering the LECs' existing carrier common line charge pool of funds and distributing such funds accordingly. This proposed mechanism thus is one which is fair, equitably spreads the costs among all those who benefit from payphones, and which would be administered by an entity already experienced in handling similar mechanisms.

³¹ The collection of such costs could be limited to the business subscriber line charge or could be spread among both residential and business subscriber line charges.

³² NECA Comments at 6-8 (NECA states that it currently administers various funding mechanisms and that it has the expertise and resources to administer a payphone compensation mechanism).

**IV. THE COMMISSION SHOULD EXEMPT ALL
CALLS LASTING LESS THAN ONE MINUTE**

Intellicall wishes to reiterate its position, as set forth in its comments, that, to prevent fraud and to promote fairness, the Commission should exempt from the payphone compensation requirements all calls lasting less than one minute.³³ The "one-minute rule" would reduce the potential for fraud because calls made by the use of auto-dialers will generally last less than one minute.³⁴

The one-minute rule will promote fairness by ensuring that, pursuant to the statutory mandate, payphone providers are compensated only for "completed" calls. The necessary corollary is that providers paying payphone compensation will not be required to pay for uncompleted calls which generate no revenue.³⁵ Furthermore, the one-minute rule will promote fairness by exempting incidental calls (e.g., paging calls or uncompleted calls), lasting only 15 seconds, whereas the average call is three to three and one-half minutes in length. This is

³³ As Intellicall also noted in its comments, the Commission has implied authority to create exclusions to statutory provisions in the circumstances presented here. See Intellicall Comments at 33-34.

³⁴ Intellicall Comments at 34. See also AT&T Comments at 15 (recognizing the potential for fraud resulting from the use of any per-call compensation mechanism that measures subscriber 800 traffic from specific phones).

³⁵ Intellicall Comments at 34-35; WorldCom Comments at 9-10; TRA Comments at 18-20.

particularly true if the compensation level is based in part on the average length of a payphone call. Therefore, exempting calls lasting less than one minute will produce a more equitable payphone compensation mechanism.

V. CONCLUSION

For the foregoing reasons, the Commission should adopt one of the payphone compensation mechanisms proposed herein.

Respectfully submitted,

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